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Partial Autocorrelation Functions of the Fractional ARIMA Processes with Negative Degree of Differencing

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Let \( \{X_n : n \in \mathbb{Z}\} \) be a fractional ARIMA\((p, d, q)\) process with partial autocorrelation function \( \alpha(\cdot) \). In this paper, we prove that if \( d \in (-1/2, 0) \) then \( |\alpha(n)| \sim |d|/n \) as \( n \to \infty \). This extends the previous result for the case \( 0 < d < 1/2 \).

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1. INTRODUCTION

The fractional ARIMA or autoregressive integrated moving-average processes were introduced independently by Granger and Joyeux [4] and Hosking [6], and have been used as a useful parametric family of long-memory stationary processes. In [8], the first author has proved an asymptotic formula for the partial autocorrelation functions of fractional ARIMA processes with positive degree of differencing. Our purpose in this article is to extend this result to those with negative degree of differencing.

We recall the definition of a fractional ARIMA process. Let \( \{X_n : n \in \mathbb{Z}\} \) be a real, zero-mean, weakly stationary process, defined on a probability space \((\Omega, \mathcal{F}, P)\), which we shall simply call a stationary process. We write \( \gamma(\cdot) \) for the autocovariance function of \( \{X_n\} \):

\[
\gamma(n) := E[X_nX_0] \quad (n \in \mathbb{Z}).
\]

If there exists an even, nonnegative, and integrable function \( \Delta(\cdot) \) on \((−\pi, \pi)\) such that

\[
\gamma(n) = \int_{-\pi}^{\pi} e^{in\lambda} \Delta(\lambda) d\lambda \quad (n \in \mathbb{Z}),
\]
then $\Delta(\cdot)$ is called the spectral density of $\{X_n\}$. For $d \in (-1/2, 1/2)$ and $p, q \in \mathbb{N} \cup \{0\}$, $\{X_n\}$ is said to be a fractional ARIMA$(p, d, q)$ process if it has a spectral density $\Delta(\cdot)$ of the form

$$
\Delta(\lambda) = \frac{1}{2\pi} \frac{|\Theta(e^{i\lambda})|^2}{|\Phi(e^{i\lambda})|^2} |1 - e^{i\lambda}|^{-2d} \quad (-\pi < \lambda < \pi),
$$

(1.1)

where $\Phi(z)$ and $\Theta(z)$ are polynomials with real coefficients of degrees $p, q$, respectively, satisfying the following condition:

- $\Phi(z)$ and $\Theta(z)$ have no common zeros, and $\Phi(z) \neq 0$ and $\Theta(z) \neq 0$ for all $z$ in the closed unit disk $\{z \in \mathbb{C} : |z| \leq 1\}$. (A1)

We also assume without loss of generality that

$$
\Theta(0)/\Phi(0) > 0.
$$

(A2)

Note that (A1) and (A2) imply $\Theta(1)/\Phi(1) > 0$.

The fractional ARIMA process $\{X_n\}$ satisfies a difference equation of the form

$$
\Phi(B)\nabla^d X_n = \Theta(B) Z_n \quad (n \in \mathbb{Z}),
$$

(1.2)

where $B$ is the backward shift operator, i.e., $BX_m = X_{m-1}$, $\nabla$ is the differencing operator defined by $\nabla := 1 - B$, and $\{Z_n\}$ is a zero-mean process such that $E[Z_n Z_m] = \delta_{nm}$. See Brockwell and Davis [2, Sect. 13.2] for details. We notice that in (1.2) the degree of fractional differencing is given by $d$.

If $d \in (-1/2, 1/2) \setminus \{0\}$, then the fractional ARIMA$(p, d, q)$ process $\{X_n\}$ is a long-memory process in the sense that the autocovariance $\gamma(n)$ decays slowly as

$$
\gamma(n) \sim C n^{2d-1} \quad (n \to \infty),
$$

(1.3)

where the constant $C$ is given by

$$
C := \frac{\Gamma(1 - 2d) \sin(\pi d)}{\pi} \left( \frac{\Theta(1)}{\Phi(1)} \right)^2
$$

(1.4)

(see, e.g., [8]). Notice that the case $d = 0$ corresponds to the ordinary ARMA$(p, q)$ process, for which the autocovariance $\gamma(n)$ decays exponentially as $n \to \infty$ (see [2, Chap. 3]). From (1.3), we see that the degree $d$ is closely related to the long-range dependence of $\{X_n\}$. 

The partial autocorrelation $\alpha(n)$ of a stationary process $\{X_n\}$ is the correlation coefficient of the two residuals obtained after regressing $X_0$ and $X_n$ on the intermediate observations $X_1,\ldots,X_{n-1}$. To be more precise, we denote by $H$ the closed real linear hull of $\{X_k : k \in \mathbb{Z}\}$ in $L^2(\Omega,\mathcal{F},P)$. Then $H$ is a real Hilbert space with inner product $(Y_1,Y_2) := E[Y_1Y_2]$ and norm $\|Y\| := (Y,Y)^{1/2}$. For $n \in \mathbb{N}$, we write $H_{[1,n]}$ for the subspace of $H$ spanned by $\{X_1,\ldots,X_n\}$, and $H_{[1,n]}^\perp$ for its orthogonal complement in $H$.

We denote by $P_{[1,n]}^\perp$ the orthogonal projection operator of $H$ onto $H_{[1,n]}^\perp$. The partial autocorrelation function $\alpha(\cdot)$ of $\{X_n\}$ is defined by

$$
\alpha(n) := \frac{\langle P_{[1,n-1]}^\perp X_n, P_{[1,n-1]}^\perp X_0 \rangle}{\|P_{[1,n-1]}^\perp X_n\| \cdot \|P_{[1,n-1]}^\perp X_0\|} \quad (n = 2,3,\ldots).
$$

Furthermore, $\alpha(1)$ is defined by $\alpha(1) := \gamma(1)/\gamma(0)$. The partial autocorrelation function plays an important role in time series analysis. Its importance is illustrated in the fact that it appears in the Durbin–Levinson algorithm (see [2, Proposition 5.2.1]).

In [8, Theorem 1.1], the first author has proved that if $0 < d < 1/2$ the partial autocorrelation function $\alpha(\cdot)$ of the fractional ARIMA($p,d,q$) process satisfies

$$
|\alpha(n)| \sim \frac{d}{n} \quad (n \to \infty).
$$

(1.5)

Notice that the degree $d$, which is important in the fractional ARIMA process, appears explicitly in (1.5). We wish to extend this asymptotic formula to cover the case $-1/2 < d < 0$.

Here is the main theorem.

**Theorem 1.1.** Let $p,q \in \mathbb{N} \cup \{0\}$ and $-1/2 < d < 0$, and let $\{X_n\}$ be a fractional ARIMA ($p,d,q$) process with partial autocorrelation function $\alpha(\cdot)$. Then $\alpha(\cdot)$ satisfies

$$
|\alpha(n)| \sim \frac{|d|}{n} \quad (n \to \infty).
$$

(1.6)

See Section 5 for numerical calculation of $n\alpha(n)$.

As in [7, 8], we deduce (1.6) from the asymptotic behaviour of the mean squared prediction error $\|P_{[1,n-1]}^\perp X_n\|$ as $n \to \infty$, using a Tauberian argument. However, there is one distinction in the proof. The proofs of [7, 8] are based on an explicit representation of $\|P_{[1,n-1]}^\perp X_n\|$ (see [7, Theorems 4.5...
and 4.6] and [8, Theorem 4.1]) in terms of the AR(∞) coefficients $a_k$ and MA(∞) coefficients $c_k$ of $\{X_n\}$. The same representation is not available in the present case $-1/2 < d < 0$ because the series that appear in the representation do not converge absolutely. It turns out that if $-1/2 < d < 0$ we can use a similar representation of $\|P_{[1,n-1]}X_n\|$ (Theorems 2.2 and 3.3) which is given in terms of $\phi_k$ and $\psi_k$ defined by

$$\phi_n := \begin{cases} a_0 & (n = 0), \\ a_n - a_{n-1} & (n = 1, 2, \ldots) \end{cases}$$

(1.7)

and

$$\psi_n := -\sum_{k=n+1}^{\infty} c_k (n = 0, 1, \ldots),$$

(1.8)

respectively, rather than given in terms of $a_k$ and $c_k$ themselves. Once the representation is obtained, the proof is parallel to that of [8].

In what follows, we write $\sum_{k=0}^{\infty-}$ for the sums that are not necessarily absolutely convergent:

$$\sum_{k=0}^{\infty-} := \lim_{M \to \infty} \sum_{k=0}^{M}.$$

### 2. REPRESENTATION OF THE PREDICTION ERROR (1)

In this section, we assume that $\{X_n\}$ is a purely nondeterministic stationary process (hence not necessarily a fractional ARIMA process). Let $\Delta(\cdot)$ be the spectral density of $\{X_n\}$. We define the outer function $h(\cdot)$ of $\{X_n\}$ by

$$h(z) := \sqrt{2\pi} \exp \left\{ \frac{1}{4\pi} \int_{-\pi}^{\pi} e^{i\lambda + z} \log \Delta(\lambda) d\lambda \right\} \quad (z \in \mathbb{C}, |z| < 1).$$

The function $h(\cdot)$ is actually an outer function which is in the Hardy space $H^{2+}$ of class 2 over the unit disk $|z| < 1$. Using $h(\cdot)$, we define the MA(∞) coefficients $c_n$ of $\{X_n\}$ by

$$h(z) = \sum_{n=0}^{\infty} c_n z^n \quad (|z| < 1).$$
and the AR(∞) coefficients $a_n$ of $\{X_n\}$ by

$$-\frac{1}{h(z)} = \sum_{n=0}^{\infty} a_n z^n \quad (|z| < 1).$$


As we stated in Section 1, we write $H$ for the real Hilbert space spanned by $\{X_k : k \in \mathbb{Z}\}$ in $L^2(\Omega, \mathcal{F}, P)$, with inner product $(Y_1, Y_2) := E[Y_1 Y_2]$ and norm $\|Y\| := (Y, Y)^{1/2}$. For $I \subset \mathbb{Z}$, denote by $H_I$ the closed real linear hull of $\{X_k : k \in I\}$ in $H$. In particular, for $m \in \mathbb{Z}$ and $n \in \mathbb{Z}$ with $m \leq n$, we write $H_{(-\infty, m]}$, $H_{[m, \infty)}$ and $H_{[m, n]}$ for $H_I$ with $I = \{k \in \mathbb{Z} : -\infty < k \leq m\}$, $\{k \in \mathbb{Z} : m \leq k < \infty\}$, and $\{k \in \mathbb{Z} : m \leq k \leq n\}$, respectively. For $I \subset \mathbb{Z}$, we denote by $P_I$ the orthogonal projection operator of $H$ onto $H_I$. We write $P_I^\perp := I_H - P_I$, where $I_H$ is the identity map of $H$. So $P_I^\perp$ is the orthogonal projection operator of $H$ onto $H_I^\perp$.

We now consider $P_{(-\infty, 0]} X_n$ for $n \geq 1$. We define

$$b_{m}^n := \sum_{k=0}^{m} c_k a_{j+m-k} \quad (m, j \in \mathbb{N} \cup \{0\}).$$

Notice that $b_{j}^{n}$ for $j \geq 1$ here corresponds to $b_{j+1}^{n+1}$ defined in [7, (4.4)].

**Proposition 2.1.** We assume the following conditions:

$$\sum_{k=0}^{\infty} |c_k| < \infty, \quad (2.1)$$

$$\sum_{k=0}^{\infty} |a_k|^2 < \infty. \quad (2.2)$$

Then, for $n \in \mathbb{N}$,

$$P_{(-\infty, 0]} X_n = \sum_{j=0}^{\infty} b_{j+1}^{n+1} X_{-j}, \quad (2.3)$$

the sum converging in $H$ (not necessarily absolutely).

**Proof.** (Compare the proof of [7, Theorem 4.4].) Consider the spectral representation of $\{X_n\}$ written as

$$X(n) = \int_{-\pi}^{\pi} e^{in\lambda} Z(d\lambda) \quad (n \in \mathbb{Z}),$$

where $Z$ is a real-valued random variable with finite mean and variance.
where $Z$ is the spectral measure such that
\[
E[Z(A)Z(B)] = \int_{A \cap B} \Delta(\lambda) d\lambda
\]
(see \cite[Sect. 4.8]{2}). We put
\[
\xi_n := \int_{-\pi}^{\pi} e^{i n \lambda} \left\{ h(e^{i \lambda}) \right\}^{-1} Z(d\lambda) \quad (n \in \mathbb{Z}).
\]
Then it follows that
\[
\left\| \sum_{k=0}^{m} a_k X_{n-k} + \xi_n \right\|^2 = \int_{-\pi}^{\pi} |f_m(\lambda)|^2 \Delta(\lambda) d\lambda \quad (m \in \mathbb{N}), \quad (2.4)
\]
where
\[
f_m(\lambda) := \frac{1}{h(e^{i \lambda})} + \sum_{k=0}^{m} a_k e^{i k \lambda} \quad (-\pi < \lambda < \pi).
\]
Since (2.2) implies $h^{-1} \in H^{2+}$ (cf. \cite[Proposition 4.2]{7}), we have the Fourier expansion $1/h(e^{i \lambda}) = \sum_{k=0}^{\infty} a_k e^{i k \lambda}$ in $L^2((-\pi, \pi), d\lambda)$, which yields $f_m(\lambda) = \sum_{k=0}^{\infty} a_k e^{i k \lambda}$. Thus it follows from (2.2) that $f_m(\cdot)$ converges to zero as $m \to \infty$ in $L^2((-\pi, \pi), d\lambda)$. On the other hand, (2.1) implies that
\[
2\pi \Delta(\lambda) = \left( \sum_{n=0}^{\infty} |c_n e^{i n \lambda}|^2 \right)^2 \leq \left( \sum_{n=0}^{\infty} |c_n|^2 \right)^2 \quad \text{a.e. on } (-\pi, \pi),
\]
hence the spectral density $\Delta(\cdot)$ is essentially bounded on $(-\pi, \pi)$. Thus the integral on the right-hand side of (2.4) tends to zero as $m \to \infty$, and so we obtain the AR($\infty$) representation of $\{X_n\}$ of the form
\[
\sum_{j=0}^{\infty} a_j X_{n-j} + \xi_n = 0 \quad (n \in \mathbb{Z}).
\]
As in the proof of \cite[Theorem 4.4]{7}, this allows us to obtain (2.3).

We shall see in Section 3 that the fractional ARIMA($p, d, q$) process with $-1/2 < d < 0$ satisfies (2.1) and (2.2).

We put
\[
\epsilon(n) := \frac{\left\| P_{[-n+2,0]} X_1 \right\|^2 - \left\| P_{(-\infty,0]} X_1 \right\|^2}{\left\| P_{(-\infty,0]} X_1 \right\|^2} \quad (n = 2, 3, \ldots). \quad (2.5)
\]
Notice that this definition is slightly different from that in [7, (4.11)]. In fact, $\epsilon(n)$ here corresponds to $\epsilon(n - 2)$ in [7]. The next theorem is an analogue of [7, Theorem 4.5].

**Theorem 2.2.** We assume (2.1) and (2.2). Then, for $n = 2, 3, \ldots$, 

$$\epsilon(n) = \sum_{k=1}^{\infty} \sum_{p=0}^{\infty} d_k(n, p)^2,$$  \hspace{1cm} (2.6)

where $d_1(n, p) := \sum_{v=0}^{\infty} a_v+n+p c_v$ and, for $k = 2, 3, \ldots$, 

$$d_k(n, p) := \sum_{m_{k-1}=0}^{\infty} a_{n+m_{k-1}} \sum_{m_{k-2}=0}^{\infty} b_{n+m_{k-2}}^{m_{k-1}} \cdots \sum_{m_1=0}^{\infty} b_{n+m_1}^{m_2} \sum_{v=0}^{\infty} b_{n+p+v}^{m_1} c_v$$

Notice that $d_k(n, p)$ above corresponds to $d_k(n - 2, p)$ defined in [7, Theorem 4.5]. We can prove Theorem 2.2 using [7, Theorem 3.1] and Proposition 2.1, in the same way as the proof of [7, Theorem 4.5]. We omit the details.

**3. REPRESENTATION OF THE PREDICTION ERROR (2)**

In this section, we assume that $\{X_n\}$ is a fractional ARIMA($p, d, q$) with $p, q \in \mathbb{N} \cup \{0\}$ and 

$$-1/2 < d < 0.$$  \hspace{1cm} (3.1)

Let $a_n$ and $c_n$ be as in Section 2. We define $\phi_n$ and $\psi_n$ by (1.7) and (1.8), respectively. By (3.5) below, the sequence $(c_n)$ satisfies (2.1), and so $\psi_n$ are well-defined. In the arguments below, we write $C$ for positive constants which are not necessarily the same.

Since the spectral density $\Delta(\cdot)$ of $\{X_n\}$ is given by (1.1), we can write the outer function $h(\cdot)$ of $\{X_n\}$ explicitly as 

$$h(z) = \frac{\Theta(z)}{\Phi(z)}(1 - z)^{-d} \quad (|z| < 1) \hspace{1cm} (3.2)$$

(cf. [8, (2.1)]). Since we have assumed (3.1), it follows from (3.2) that 

$$\sum_{k=0}^{\infty} c_k = 0. \hspace{1cm} (3.3)$$

This is one of the key features of the fractional ARIMA process $\{X_n\}$ with (3.1).
Now we have

\[ |a_n| \leq \frac{C}{(n + 1)^{1+d}} \quad (n = 0, 1, \ldots), \quad (3.4) \]

\[ |c_n| \leq \frac{C}{(n + 1)^{1-d}} \quad (n = 0, 1, \ldots), \quad (3.5) \]

\[ |\phi_n| \leq \frac{C}{(n + 1)^{2+d}} \quad (n = 0, 1, \ldots). \quad (3.6) \]

See Kokoszka and Taqqu [12, Sect. 3] and [8, Lemma 2.2]. From (3.5) and (3.4), we find that \( c_n \) and \( a_n \) satisfy (2.1) and (2.2), respectively. It also follows from (3.5) that

\[ |\psi_n| \leq \frac{C}{(1+n)^{1-d}} \quad (n = 0, 1, \ldots). \quad (3.7) \]

We define

\[ \beta(n) := \sum_{v=0}^{\infty} \psi_v \phi_{v+n+1} \quad (n = 0, 1, \ldots) \]

and

\[ B(n) := \sum_{v=0}^{\infty} |\psi_v| \cdot |\phi_{v+n+1}| \quad (n = 0, 1, \ldots). \]

Since

\[ \int_{0}^{\infty} \frac{dv}{v^{d}(v + x)^{2+d}} = \frac{1}{x(1 + d)} \quad (0 < x < \infty), \]

we can apply (3.6) and (3.7) to obtain

\[ |\beta(n)| \leq B(n) \leq \frac{C}{(n + 1)} \quad (n = 0, 1, \ldots). \quad (3.8) \]

For \( k \in \mathbb{N} \) and \( n, p, m \in \mathbb{N} \cup \{0\} \), we define \( D_k(n, p, m) \) inductively by

\[ D_1(n, p, m) := B(n + p + m), \]

\[ D_{k+1}(n, p, m) := \sum_{m_k=0}^{\infty} B(m + m_k + n)D_k(n, p, m_k) \quad (k = 1, 2, \ldots). \]
Lemma 3.1. For \( k \in \mathbb{N} \), we have
\[
\sum_{m=0}^{\infty} D_k(n, p, m)^2 < \infty \quad (n, p \in \mathbb{N} \cup \{0\}). \tag{3.9}
\]

Proof. We use induction. By (3.8), we find that (3.9) holds for \( k = 1 \). We assume that (3.9) holds for \( k \geq 1 \). Then by (3.8), we have
\[
D_{k+1}(n, p, m) \leq C \sum_{m_k=0}^{\infty} \frac{1}{m + m_k + 1} D_k(n, p, m_k).
\]

Since the operator \( T \) defined by
\[
(Tu)_m := \sum_{i=0}^{\infty} \frac{u_i}{m + i + 1} \quad (u = (u_i) \in l^2)
\]
is a bounded linear operator from \( l^2 \) to \( l^2 \) (see Hardy et al. [5, Chap. IX]), the inequality above implies (3.9) for \( k + 1 \). Thus the lemma follows by induction on \( k \).

For \( k \in \mathbb{N} \) and \( n, p, m \in \mathbb{N} \cup \{0\} \), we define \( \delta_k(n, p, m) \) inductively by
\[
\delta_1(n, p, m) := -\beta(m + n + p),
\]
\[
\delta_{k+1}(n, p, m) := -\sum_{m_k=0}^{\infty} \beta(m + m_k + n) \delta_k(n, p, m_k) \quad (k = 1, 2, \ldots).
\]

By (3.8) and Lemma 3.1, \( \delta_k(n, p, m) \) are well-defined and the following inequality holds
\[
|\delta_k(n, p, m)| \leq D_k(n, p, m) \quad (k \in \mathbb{N}, \ n, p, m \in \mathbb{N} \cup \{0\}).
\]

For \( k \in \mathbb{N} \) and \( n, p, m \in \mathbb{N} \cup \{0\} \), we define \( d_k(n, p, m) \) also inductively by
\[
d_1(n, p, m) := \sum_{v_1=0}^{\infty} b_{v_1+n+p} e_{v_1},
\]
\[
d_{k+1}(n, p, m) := \sum_{m_k=0}^{\infty} b_{m_k+n} d_k(n, p, m_k). \quad (k = 1, 2, \ldots)
\]

We notice that Theorem 2.2 includes the assertion that these sums converge.
Proposition 3.2. For $k \in \mathbb{N}$, we have
\[
d_k(n, p, m) = \sum_{v=0}^{m} c_v \delta_k(n, p, m - v) \quad (p \geq 0, \ m \geq 0, \ n \geq 2). \tag{3.10}
\]

Proof. We use induction. By (3.3) and summation by parts, we have
\[
d_1(n, p, m) = \sum_{v_1=0}^{\infty} \left( \sum_{v=0}^{m} c_v a_{n+p+v_1+m-v} \right) c_{v_1}
= - \sum_{v_1=0}^{\infty} \left( \sum_{v=0}^{m} c_v \phi_{n+1+p+v_1+m-v} \right) \psi_{v_1},
\]
which, by (3.8) and Fubini’s theorem, implies (3.10) with $k = 1$.

Now we assume (3.10) for $k \geq 1$. From (3.4), (3.5), and Lemma 3.1, we find that, for $m \geq 0$,
\[
\sum_{v_{k+1}=0}^{\infty} |c_{v_{k+1}}| \sum_{m_k=0}^{\infty} |a_{n+m_k+v_{k+1}+m}| \cdot |\delta_k(n, p, m_k)|
\leq C \left( \sum_{v_{k+1}=0}^{\infty} |c_{v_{k+1}}| \right) \sum_{m_k=0}^{\infty} \frac{1}{(m_k + 1)^{1+d}} D_k(n, p, m_k) < \infty.
\]

Hence, by Fubini’s theorem, we obtain
\[
d_{k+1}(n, p, m) = \sum_{m_k=0}^{\infty} \left( \sum_{v=0}^{m} c_v a_{n+m_k+m-v} \right) \sum_{v_{k+1}=0}^{m_k} c_{v_{k+1}} \delta_k(n, p, m_k - v_{k+1})
= \sum_{v=0}^{m} c_v \sum_{v_{k+1}=0}^{\infty} \sum_{m_k=0}^{\infty} a_{n+m_k+m-v_{k+1}} \delta_k(n, p, m_k - v_{k+1})
= \sum_{v=0}^{m} c_v \sum_{v_{k+1}=0}^{\infty} \sum_{m_k=0}^{\infty} a_{n+m_k+v_{k+1}+m-v_{k+1}} \delta_k(n, p, m_k).
\]

Applying summation by parts to this, we get
\[
d_{k+1}(n, p, m)
= \sum_{v=0}^{m} c_v \sum_{v_{k+1}=0}^{\infty} \sum_{m_k=0}^{\infty} \phi_{n+1+m_k+v_{k+1}+m-v_{k+1}} \delta_k(n, p, m_k),
\]

which, together with Lemma 3.1 and Fubini’s theorem, implies (3.10) for $k+1$. Thus the proposition follows by induction on $k$.

Recall $d_k(n,p)$ from Section 2. The next theorem, combined with Theorem 2.2, gives the desired representation of $\epsilon(n)$ in terms of $\phi_k$ and $\psi_k$.

**Theorem 3.3.** For $n = 2, 3, \ldots$ and $p \in \mathbb{N} \cup \{0\}$, we have

$$d_1(n,p) = -\beta(n+p),$$
$$d_2(n,p) = \sum_{m_1=0}^{\infty} \beta(m_1+n)\beta(m_1+n+p),$$

and, for $k \geq 3$,

$$d_k(n,p) = (-1)^k \sum_{m_{k-1}=0}^{\infty} \beta(m_{k-1}+n) \sum_{m_{k-2}=0}^{\infty} \beta(m_{k-1}+m_{k-2}+n) \cdots \sum_{m_2=0}^{\infty} \beta(m_3+m_2+n) \sum_{m_1=0}^{\infty} \beta(m_2+m_1+n)\beta(m_1+n+p),$$

the sums converging absolutely.

**Proof.** Since $d_k(n,p,0) = c_0d_k(n,p)$, the theorem follows immediately from Proposition 3.2.

**4. PROOF OF THE MAIN THEOREM**

In this section, we prove Theorem 1.1. We assume that $\{X_n\}$ is a fractional ARIMA($p,d,q$) process with (3.1). Let $\Phi(z)$, $\Theta(z)$, $a_n$, $c_n$, $\phi_n$, and $\psi_n$ be as in the previous section.

As in [8, Sect. 2], for $\delta \in \mathbb{R}$, $n \in \mathbb{N} \cup \{0\}$, and a real sequence $(\lambda_k)_{k=0}^{\infty}$, we define $\lambda_n(\delta)$ by the following equality for formal power series:

$$(1-z)^{\delta} \sum_{k=0}^{\infty} \lambda_k z^k = \sum_{k=0}^{\infty} \lambda_k(\delta) z^k \quad (|z| < 1).$$

Using the binomial coefficients, we can write $\lambda_n(\delta)$ as

$$\lambda_n(\delta) = \sum_{k=0}^{n} \lambda_k(-1)^{n-k} \binom{\delta}{n-k} \quad (n = 0, 1, \ldots).$$
We notice that
\[ \lambda_n(\delta) - \lambda_{n-1}(\delta) = \lambda_n(\delta + 1) \quad (\delta \in \mathbb{R}, \ n \in \mathbb{N}). \]  
(4.1)

We define two real sequences \((\lambda_n)_{n=0}^{\infty}\) and \((\mu_n)_{n=0}^{\infty}\) by
\[ \frac{-\Phi(z)}{\Theta(z)} = \sum_{n=0}^{\infty} \lambda_n z^n \quad (|z| < 1) \]
and
\[ \frac{\Theta(z)}{\Phi(z)} = \sum_{n=0}^{\infty} \mu_n z^n \quad (|z| < 1), \]
respectively. One can easily show that both \((\lambda_n)\) and \((\mu_n)\) decay exponentially.

**Lemma 4.1.** For \(n = 0, 1, \ldots,\)
\[ \phi_n = \lambda_n(d + 1), \]
\[ \psi_n = \mu_n(-d - 1). \]  
(4.2, 4.3)

**Proof.** Let \(|z| < 1\). Then by (3.2), we have
\[ \sum_{n=0}^{\infty} a_n z^n = (1 - z)^d \sum_{n=0}^{\infty} \lambda_n z^n = \sum_{n=0}^{\infty} \lambda_n(d) z^n, \]
hence \(a_n = \lambda_n(d)\) for \(n \geq 0\). Therefore, using (4.1), we obtain (4.2).

Similarly, it follows from (3.2) that \(\sum_{n=0}^{\infty} c_n z^n = (1 - z)^{-d} \sum_{n=0}^{\infty} \mu_n z^n.\)
Therefore, using (3.6), we obtain
\[ (1 - z)^{-d-1} \sum_{n=0}^{\infty} \mu_n z^n = \left( \sum_{n=0}^{\infty} c_n z^n \right) \left( \sum_{n=0}^{\infty} \psi_n z^n \right) = \sum_{n=0}^{\infty} \psi_n z^n, \]
whence (4.3). \(\square\)

Now we are ready to prove Theorem 1.1.

**Proof of Theorem 1.1.** Using Theorems 2.2 and 3.3, and Lemma 4.1, we run through the arguments in [8, Sect. 3 and 4] with \(d, a_n,\) and \(c_n\) replaced by \(d + 1, \phi_n,\) and \(\psi_n,\) respectively. Then, as in [8, Theorem 4.3], we find that
\[ \lim_{n \to \infty} n \epsilon(n) = \frac{1}{\pi^2} \arcsin^2 \{ \sin((d + 1)\pi) \} = d^2 \]
or
\[ \epsilon(n) \sim \frac{d^2}{n} \quad (n \to \infty) \quad (4.4) \]

(this result has its own interest and we refer to [7, Theorem 6.4] and [9, 10, 11] for relevant work). We also find that, as in [8, Proposition 4.4],
\[ \forall \lambda > 1, \limsup_{n \to \infty} \sup_{n \leq m \leq \lambda n} n^2 \{\delta(m) - \delta(n)\} \leq 0 \quad \text{(hence= 0),} \quad (4.5) \]

where
\[ \delta(n) := \epsilon(n) - \epsilon(n + 1) \quad (n = 2, 3, \ldots). \]

Notice that
\[ \sum_{k=n}^{\infty} \delta(k) = \epsilon(n) \quad (n = 2, 3, \ldots). \quad (4.6) \]

By (4.4)–(4.6), the Monotone Density Theorem (see Bingham et al. [1, Sect. 1.7.6]) gives
\[ \delta(n) \sim \frac{d^2}{n^2} \quad (n \to \infty). \]

Since the Durbin–Levinson algorithm implies
\[ \alpha(n)^2 \sim \delta(n) \quad (n \to \infty) \]

(see [7, p. 101]), (1.6) follows. □

5. ESTIMATION OF THE DIFFERENCING PARAMETER

For a fractional ARIMA\((p, d, q)\) process with \(d \in (-1/2, 1/2) \setminus \{0\}, \) Theorem 1.1 and [8, Theorem 1.1] imply that
\[ \lim_{n \to \infty} n|\alpha(n)| = |d|. \quad (5.1) \]

The question arises if (5.1) gives an efficient method for estimation of the important parameter \(d\) (cf. [2, §13.2] and Chong [3]). We leave this question open here. See Tables 1 and 2 for the values of \(n\alpha(n)\) for various \(n\) and \(d\). It should be noticed that the values of \(\alpha(n)\) there are not statistically estimated ones via, say, computer simulation. They are the exact values
(modulo figures of order $10^{-4}$) that are calculated from the exact values of
the autocovariance function $\gamma(\cdot)$ via the Durbin–Levinson algorithm. The
values of $\gamma(\cdot)$ are, in turn, obtained using the analytic representations of
$\gamma(\cdot)$ for the fractional ARIMA$(1,d,0)$ and $(0,d,1)$ processes (Lemmas 1
and 2 in [6, Sect. 5]).

**TABLE 1.**
Values of $n\alpha(n)$ for FARIMA$(1,d,0)$ with $\Theta(z) = 1$ and $\Phi(z) = 1 - 0.3z$

<table>
<thead>
<tr>
<th>$d$</th>
<th>$n=1$</th>
<th>$n=10$</th>
<th>$n=20$</th>
<th>$n=50$</th>
<th>$n=100$</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.4</td>
<td>-0.048</td>
<td>-0.355</td>
<td>-0.376</td>
<td>-0.390</td>
<td>-0.395</td>
</tr>
<tr>
<td>-0.3</td>
<td>0.025</td>
<td>-0.268</td>
<td>-0.284</td>
<td>-0.293</td>
<td>-0.297</td>
</tr>
<tr>
<td>-0.2</td>
<td>0.106</td>
<td>-0.181</td>
<td>-0.190</td>
<td>-0.196</td>
<td>-0.198</td>
</tr>
<tr>
<td>-0.1</td>
<td>0.198</td>
<td>-0.091</td>
<td>-0.095</td>
<td>-0.098</td>
<td>-0.099</td>
</tr>
<tr>
<td>0.1</td>
<td>0.414</td>
<td>0.093</td>
<td>0.096</td>
<td>0.099</td>
<td>0.099</td>
</tr>
<tr>
<td>0.2</td>
<td>0.542</td>
<td>0.187</td>
<td>0.194</td>
<td>0.197</td>
<td>0.199</td>
</tr>
<tr>
<td>0.3</td>
<td>0.682</td>
<td>0.284</td>
<td>0.292</td>
<td>0.297</td>
<td>0.298</td>
</tr>
<tr>
<td>0.4</td>
<td>0.835</td>
<td>0.382</td>
<td>0.391</td>
<td>0.396</td>
<td>0.398</td>
</tr>
</tbody>
</table>

**TABLE 2.**
Values of $n\alpha(n)$ for FARIMA$(0,d,1)$ with $\Theta(z) = 1 - 0.5z$ and $\Phi(z) = 1$

<table>
<thead>
<tr>
<th>$d$</th>
<th>$n=1$</th>
<th>$n=10$</th>
<th>$n=20$</th>
<th>$n=50$</th>
<th>$n=100$</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.4</td>
<td>-0.535</td>
<td>-0.488</td>
<td>-0.436</td>
<td>-0.413</td>
<td>-0.407</td>
</tr>
<tr>
<td>-0.3</td>
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<td>-0.373</td>
<td>-0.329</td>
<td>-0.311</td>
<td>-0.305</td>
</tr>
<tr>
<td>-0.2</td>
<td>-0.479</td>
<td>-0.255</td>
<td>-0.220</td>
<td>-0.207</td>
<td>-0.204</td>
</tr>
<tr>
<td>-0.1</td>
<td>-0.443</td>
<td>-0.133</td>
<td>-0.111</td>
<td>-0.104</td>
<td>-0.102</td>
</tr>
<tr>
<td>0.1</td>
<td>-0.345</td>
<td>0.123</td>
<td>0.112</td>
<td>0.104</td>
<td>0.102</td>
</tr>
<tr>
<td>0.2</td>
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<td>0.256</td>
<td>0.225</td>
<td>0.209</td>
<td>0.205</td>
</tr>
<tr>
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<td>-0.156</td>
<td>0.394</td>
<td>0.340</td>
<td>0.314</td>
<td>0.307</td>
</tr>
<tr>
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<td>0.071</td>
<td>0.536</td>
<td>0.455</td>
<td>0.420</td>
<td>0.410</td>
</tr>
</tbody>
</table>
ACKNOWLEDGMENT

We should like to thank two referees for their helpful comments.

REFERENCES


